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OFFICIAL DISPATCH

VIA: Air Pouch #734
SPECIFY AIR OR SEA POUCH

DISPATCH NO. 1100-1833

CLASSIFICATION

TO [] DATE: 11 January 1953

FROM: CHIUS, FOR: I n division P - CLASSIFICATION CHANGED TO *SECRET*

SUBJECT: GENERAL Operational BY REQUEST OF EEC/DO-S
SPECIFIC BY AUTHORITY []

1. The following summary of the ~~RECORDED BY EEC/DO-S~~ ~~OPERATIONAL~~ ~~COVERS~~ ~~12/1949~~ activity of interest to the home and Milan stations. It covers the period ending December 1949. For a complete review of the contact with Raymond CHIUS see UGMA-2509, dated 14 November 1949.

2. Subsequent to the preparation of the above dispatch, [] has been in contact with CHIUS to discuss the CHIUS passport and nationality business. [] reports as follows: CHIUS now believes that the CHIUS nationality could be done rapidly, as he (CHIUS) had been able to do something for the Italian Service so important that he had made the CHIUS nationality dependent upon this service. Now I must get CHIUS to make the formal "Demand" with his lawyer and turn it over to CHIUS as quickly as possible. [] then stated that he had learned a lot about the Italians with this story of RENATO (UGMA-2443) and that they had behaved very badly, but that he was now stronger with them than ever and intended to exploit it to its full. "I have them where I want them and am making damn good use of it." At this moment, one of the hotel men came in to say that Mr. J.W. was waiting, and CHIUS asked if I'd mind his coming in. I said, "Who is it?" and he replied, "Oh somebody, not very important, from the French service with whom I am working." [] left by a side entrance and did not see Mr. J.W.

3. Early in December CHIUS offered [] two of the British service passports, mentioned in UGMA-2509, para. 13, for sale for whatever amount IMA/DO can sell them, the proceeds to be split on a 50/50 basis. Nothing further has been reported on IMA/DO's actions on this deal, but Dorn has been queried.

4. On 11 November 1949 CHIUS telephoned IMA/DO from Milan. IMA/DO's report of this conversation is as follows: "Mr. CHIUS rang me up from Milano to tell me that he has been removed from Milano and is off to Paris where he hopes he will be stationed. I think I can flatter myself that my little hornet's nest with Mr. CHIUS and Mr. DORN has produced this. He gave me the message from CHIUS to say that I was quite right, the Italians had double-crossed him". (Note: CHIUS had just moved into a Milan apartment with

RELEASING OFFICER COORDINATING OFFICER AUTHENTICATION OFFICER

Chief, FDN

V NO.
1949 31-20

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his wife and family.) In his phone conversation with [] ABDAHL asked if [] knew anybody in Paris. ABDAHL stated he was going to work in Paris, but that since he did not know a soul there was quite pessimistic. [] stated he had hundreds of friends there, but added that he doubted if any of them would be of use to ABDAHL. ABDAHL said he would visit Lugano shortly and discuss his Paris future with [] ABDAHL, who was leaving the next day for Paris, visited [] in Lugano on 16 November and declared that he eventually hoped to set up a new post either in Geneva or Lausanne. On 11 December ABDAHL called from Paris saying he was making no headway and requested "contacts and tips". [] has not as yet supplied any operational leads. ABDAHL again indicated no flight case to Switzerland later to see INFAN 7-2.

As far as can be determined, CRUSS is not passing information to [] nor is [] passing his reports to CRUSS. [] have received from [] reports which are alleged to originate in a penetration of a Communist cell at Monfalcone, which acts as center for certain agents active in Western Europe. Late in August the same source told [] that on 26 August, an unidentified Russian coming from Switzerland, ordered the Monfalcone cell closed as an agent meeting and distribution point and shifted to Trieste. Source described penetration agent as an Italian Communist of Yugoslav origin. He further stated the agent was not believed suspect by the Communists and could be able to move to Trieste. Two reports originating from this source are duplicated in the material submitted by CRUSS to [] (see para. 13 of PIR-4778). The specifications on aircraft as given in the Paris (GIA/701) letter (see para. 12, PIR-4778), although not duplicated in [] are identical in form with material received by [] from this source. CRUSS' statement of origin and reliability of his material, as given in PIR-6228, para. 16, 18 and 20, seems to bear out the assumption that this material stems from a common source.

Mr. Charles HOLLAND, British citizen, who for the last two years has been a salesman for a hearing aid concern in the Milan area, residence Poro Bompas 59, Milan, telephone 19378, visited [] on 18 October 1948 in Lugano. [] has known HOLLAND since 1945 when HOLLAND was head of the communications for the Allied Commission in Milan. During the course of this visit HOLLAND said he wanted to introduce INFAN 7-2 to a "new British intelligence personality in Milan who was extremely interested in R.C.I. figures in the Milan area". [] stated he was perfectly willing to lunch with the man but could not promise to be any help as he definitely did not care to become involved in any intelligence activities, nor to jeopardize his relations with various CP people who were extremely useful to him in business dealings. After two telephone calls from HOLLAND, [] agreed to a luncheon meeting arranged for 27 November. HOLLAND arrived at the home of [] with Mr. Robin SEALY, British Vice Consul, Milan, and his wife. Following lunch at the Taverna in Campione, where conversation had been very general, the party repaired to the [] villa in Lugano. SEALY then asked if he and [] could have a few moments together. He told [] he was most interested in meeting him and that in connection with his work he was continually coming across reference to []. He asked INFAN 7-2 if he had any connection with the American service, saying that he did not wish to cross any wires. SEALY was assured by [] that he was not working for any service and that he did not have any desire to work for SEALY.

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[] made it plain that he did not wish to compromise any contacts which might jeopardize his profitable business dealings. The conversation covered the following:

a. [] was asked for information on CP personalities known to him. Romano CIGARINI, Ernest NEJA and Enzo BRAZZA were discussed briefly. HEALY queried [] about the possibilities of a "good PCI deflection", saying that in Berlin Communist defections were to be had by the dozen. [] gave it as his opinion that in Italy, or at least as far as his own Communist acquaintances were concerned, this was not the case.

b. HEALY stated he had heard [] as considered by the Italians to be a Yugoslav agent, a Communist agent, and/or a Royalist agent. HEALY asked him what truth there was in it. To a negative answer HEALY asked if [] had had any Yugoslav contacts in the past. [] stated he had had no such contacts since shortly after the war. The subject was brought to a close when HEALY commented that this was not his field anyway.

c. HEALY inquired as to how much information on Party affairs [] ever received from subjects such as Romano CIGARINI. [] stated he never tried to alienate his Communist friends by giving them too details of their political activities. At the conclusion of the discussion [] asked for HEALY's assurance that he would not mention the meeting to the Italian service. HEALY assured [] he had no contacts with the Italian service.

d. A second meeting took place on 3 December at the office of the British Consul in Milan, where HEALY is in the British Press and Information Office. At the outset of the conversation HEALY told [] he had been in Rome where he had been conferring with his superiors on some of the topics covered in the last meeting. He then made a point of saying, "I must tell you that I am only a British Vice Consul and all this business is done in Rome, and I do not act as part of the service, but only as a medium of communication". This was decidedly different from WILLARD's version of the subject and HEALY's own approach at the first meeting, when the latter made no effort to conceal his intelligence interests. Subjects covered at this meeting were:

e. HEALY [] gave background information on NEJA's work during the war and added some generalities about his present activities. NEJA was pictured as 100% loyal to the Party and not a prospect for approach by HEALY.

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b. CHARINIS [REDACTED] gave full background, including an outline of CHARINIS's friendship with MIRSKY, whom CHARINIS still feels to be his. In answer to a question of MIRSKY's contacting AFARIL, [REDACTED] said he doubted MIRSKY could get very far. [REDACTED]

c. HEALY: [REDACTED] gave biographical information on MIRSKY. HEALY said Rose was in possession of considerable information on MIRSKY and that he believed [REDACTED] has very valuable underground information. He further added that the British were willing to protect MIRSKY, give him a passport if necessary, if he were willing to contact them and report his information. HEALY asked MIRSKY what he knew of a report that MIRSKY was head of a service smuggling arms to the Cominform underground in Yugoslavia. MIRSKY told HEALY that he knew MIRSKY had attempted to make arms deals in the past. HEALY asked how MIRSKY knew this man who was obviously a gangster and was told he had been presented to him in connection with obtaining a passport for Michel OLLIER. HEALY smiled and said, "I believe Mr. OLLIER is under the illusion the British intelligence is obtaining him his passport". At this point INFAT #3 decided to tell HEALY the story of the OLLIER passport deal and introduced his contact with Edmond CRUZ as recounted in para. 3 of attachment to KGB-2603, but excluding any mention of ARKADY. Following this HEALY promised not to put any spokes in MIRSKY's wheel which would ruin his opportunity to make a considerable fee on this business venture. HEALY expressed his views on CRUZ by saying he considered him "a nuisance as most people believed him to be in the British service". He asked INFAT #3 whether he knew CRUZ's status, to which INFAT #3 replied only to the extent that CRUZ had presented himself. There was no mention by HEALY of CRUZ' Israel status, and the only mention of his intelligence work was that bared in the course of the story of the MIRSKY passport negotiations.

d. The other personality discussed was Vincenti Claudio CATTANEO, whom HEALY said he had received a report. INFAT #3 gave him a bit of background on this man, saying that he thought CATTANEO had possibilities but would always be mixed up in a political situation because of his Fascist background and connection with Fascist organizations. HEALY said he would like to run over a few minor characters at the next meeting and the discussion was closed.

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2. On 13 December SMALST stopped briefly at [] home en route to England. He questioned [] about CHASS saying his people in [] wanted to find out where CHASS was buying arms for Israel as they did not think it was the U.S. or the U.K. He said the British in [] were of the opinion that CHASS was receiving arms from unidentified satellite countries. He also added that CHASS' real name was Edward SMALST which was on his South African passport. (C []) subsequently discovered his Florida car registration under the name of CHASS.) SMALST promised to contact [] after the first of the year when he returned from England.

3. We will keep you as current with the elements of the [] [] operations which are of interest to your station. Any comments you may wish to make will be appreciated.

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Date Rec.

12-10-2